



Northgate Framework Resolution
Advice #2

Date: June 28, 2004

To: Mayor Greg Nickels and Members of the Seattle City Council

From: Ron LaFayette, Chair, on Behalf of the Northgate Stakeholders Group

Subject: **STAKEHOLDERS ADVICE #2: THE MEMORANDUM OF UNDERSTANDING BETWEEN SEATTLE PUBLIC UTILITIES AND LORIG ASSOCIATES, LLC, ON NORTHGATE SOUTH LOT CONSTRUCTION**

The City of Seattle has asked the Northgate Stakeholders Group for any counsel it wishes to provide regarding the proposed construction agreement between the City and Lorig. At the Group's June 24, 2004 meeting, the Stakeholders Group reviewed a draft, had discussions and finalized advice on the Memorandum of Understanding concerning South Lot Construction.

The Stakeholders Group commends the City and Lorig for creating a context for this agreement that focuses on such critical issues as affordable housing; transit-oriented design; and sustainable design and construction. Stakeholders look forward to monitoring the progress of the City and Lorig in resolving a number of project design and construction issues that are identified in the Memorandum of Understanding, including such issues as pedestrian connections between the two properties.

The Stakeholders Group requests that a new provision be added to the MOU between the City and Lorig (to be added to section 10, Covenants of Lorig) as follows:

Citizens of Northgate will be kept informed and remain involved in progress and decisions regarding the South Lot development through the Northgate Stakeholders process or other appropriate method if the Northgate Stakeholders Group disbands.

The Stakeholders Group also requests that there be coordination between the Group's process and the Design Review Board's process.

There was unanimous agreement among the Stakeholders on the advice above.

The Stakeholders Group also considered two positions, described below as Position A and Position B, related to the issues of prevailing wages and apprenticeships in relation to the Lorig development. The majority of Stakeholders voted in favor of Position B (12 votes); the minority voted in favor of Position A (4 votes). There were 2 abstentions.

The Review Process

Virtually all of the time spent to date on South Lot issues by the Stakeholders Group has been focused on the drainage issues covered in Stakeholders Advice #1. A number of brief statements have been made by Lorig representative Steve Bollinger, who expects to make a more complete presentation regarding their plans at the Stakeholder meeting on July 22. This presentation will begin a process by which the Stakeholders will be able to comment and prepare advice on Lorig's specific development plans in the fall.

The Stakeholders discussed issues regarding the Coordinated Site Agreement at their meeting on June 3. Representatives of the City outlined the steps that have been taken up to this point. They provided information on a number of issues which would be stipulated in a Memorandum of Understanding and which would be subject to agreement between the parties before a short platting process could proceed reconfiguring the property. These include:

- Grade elevations at the intersection of both lots
- Setbacks
- Location and number of easements
- Assurances for timely development of both parcels
- Assignability of projects and or property by Lorig
- Pedestrian connections
- Vehicle access
- Overlapping design issues
- Lorig enhancements of SPU property
- Landscaping of SPU parcel
- Approach to temporary erosion control

Stakeholder Group comments at the meeting and in comments provided by email focused entirely on whether the City should seek an agreement from Lorig regarding the payment of prevailing wages and the use of apprentices.

Proposed Conditions of the Memorandum of Agreement

Position B: Majority Opinion: 12 votes

The Stakeholders believe that negotiators representing the public sector have the responsibility to ensure that any exchanges or accommodations necessary to foster project development balance the risks/rewards and benefits of the joint effort so that the private sector does not unjustly benefit from access to public assets. We would also find them responsible to see that fair value is received in any exchange or realignment of assets in such a partnership.

While the Stakeholders believe that advising the Mayor and the City Council on the complex legal and public policy question of whether or not the Lorig development should be considered a public project, and subject to all the requirements thereof, is beyond the scope of our charge, we do advise the city to take this fiduciary responsibility seriously in considering the revitalization of Northgate. We are pleased to see that Lorig and the Building Trades Council plan further discussions on the project.

However, the Stakeholders urge decision makers to use caution in placing new public policy requirements on development and economic growth in the area. Special conditions have hindered the revitalization of Northgate in the past and the Stakeholders agree that it is time to look to coordinated efforts, partnerships and innovative solutions for growth and redevelopment in the area. This may require fewer restrictions, not more.

Position A: Minority Option: 4 votes

The Stakeholders believe that clear and significant benefits to the community should be provided when significant public funding, public lands, and other substantial public benefits to the developer are involved in a project. Both the letter and the spirit of the laws and regulations concerning developments in such cases are clear that significant and specific benefits to the community are necessary so that a private developer or his associates do not unjustly benefit from access to public assets.

We believe that fair value needs to be received for any such public funding, public lands, or other substantial public benefits to the developer, including any exchange or realignment of assets, and including the City's construction, ownership, and maintenance of a public area and open space incorporated in the development. We further believe that such fair value needs to be calculated fairly and equitably, so as to not operate to exclude certain segments of the community, such as the workers who construct such projects, from their fair share of the public benefits received by the developer.

Community and area standards and benefits should apply to the workers who construct these projects as well as to the drainage, open space, and pedestrian aspects of this development. It is only fair and equitable that state prevailing wage and city apprenticeship utilization requirements be applied to these projects, as they are to other projects with significant public funding, public lands, and other substantial public benefits to the developer. Prevailing wage jobs will mean greater wages that will be spent in the community and in local area businesses by local workers. Apprenticeship requirements will insure that local residents will continue to be trained and become qualified for living wage jobs and careers.

There were **2 abstentions**.